



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Russ Guiney, Director

John Wicker, Chief Deputy Director

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September 18, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**CANCELLATION OF LEASE AGREEMENT WITH
LOS AMIGOS COUNTRY CLUB, INC.
CONTRACT NUMBER 43119**

**APPROVAL OF LEASE AGREEMENT FOR
THE MANAGEMENT AND OPERATION OF THE
LOS AMIGOS COUNTY GOLF COURSE
(SUPERVISORIAL DISTRICT 4) (3- VOTES)**

SUBJECT

The recommended actions will cancel the current Lease Agreement with Los Amigos Country Club Inc., Contract number 43119, and award a twenty-year Lease Agreement with Strato Partners LLC, for the management, operation, and maintenance of the Los Amigos County Golf Course. Both actions will ensure that the facility remains open and available to the public.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed cancellation of the current Lease Agreement with Los Amigos Country Club Inc. is not subject to the California Environmental Quality Act as the action does not meet the definition of a project.
2. Find that the proposed approval of Lease Agreement with Strato Partners LLC is categorically exempt from California Environmental Quality Act because the agreement involves leasing of an existing facility with negligible or no expansion of existing use for the reasons stated herein and the reasons reflected in the record of the project.

3. Approve and instruct the Director of the Department of Parks and Recreation to cancel the current Lease Agreement with the Los Amigos Country Club Inc., Contract number 43119, for the management, operation and maintenance of the Los Amigos County Golf Course, effective September 30, 2012.
4. Approve and instruct the Director of the Department of Parks and Recreation to execute a 20-year Lease Agreement with Strato Partners, LLC, for the management and operation of the Los Amigos County Golf Course, effective December 1, 2012.
5. Delegate authority to the Director of the Department of Parks and Recreation to extend the Agreement term for an additional five year option term for a maximum Agreement term of 25-years. The option term shall be exercised at the sole discretion of the Director provided Strato Partners, LLC, has completed the required capital improvement projects and the lessee is in compliance with all other provisions of this Agreement.
6. Delegate authority to the Director of the Department of Parks and Recreation to approve, when necessary, future assignments and delegations of services, in order to ensure continuation of the management, operation and maintenance of the Los Amigos County Golf Course, provided County Counsel approves as to form prior such assignment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow the Los Amigos County Golf Course (County Golf Course) to remain open for continued and uninterrupted service to the public, by cancelling the current Lease Agreement with Los Amigos Country Club Inc., (LACC), and authorizing the award of a 20-year Lease Agreement with Strato Partners, LLC, (Strato Partners).

LACC is currently delinquent in its rent obligations to the Department of Parks and Recreation (Department). Accordingly, the Department is considering various options in order to collect back rent due to the County.

The current Lease Agreement with LACC expires on November 30, 2012. On August 29, 2012, the Department issued a ten day 'Notice of Default' to LACC. On September 13, 2012, the Department notified LACC of the Department's intent to cancel the Lease Agreement between the County and LACC for default of its Lease Agreement.

Strato Partners was the highest ranked proposer for the management, operation and maintenance of the County Golf Course. The recommended Lease Agreement term with Strato Partners is 20 years. The attached chart (Attachment I) delineates the twenty-year rental fee schedule. A portion of the rental fee revenue will be deposited into a Capital Improvement Project Fund, to be used for improvements at the County Golf Course. The remaining amount will be deposited into the Department's Operating Budget to fund ongoing operations.

Implementation of Strategic Plan Goals

The proposed Lease Agreement will further the County's Strategic Plan of Operational Effectiveness (Goal 1) by maximizing the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public service and; Fiscal Sustainability (Goal 2) by strengthening and enhancing the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship.

FISCAL IMPACT/FINANCING

Your Board's approval of the recommended actions will result in additional benefit to the County, in the form of rental fees. Based on the terms of the Lease Agreement, it is estimated that the Department's Operating Budget will realize County Golf Course estimated rent revenues of \$89,000, for FY 2012-13 (7 Months) and \$27,065,000, over the recommended twenty-year term. The revenue will be collected on a monthly basis, based on the twenty-year rental fee schedule attached. Based on these projections, the Department will adjust its operating revenue estimates for FYs 2012-13 and 2013-14, accordingly. The Department does not expect any operating cost increase resulting from the recommended Lease Agreement.

Additionally, prior to the commencement of the recommended Lease Agreement, Strato Partners shall deposit with the Department \$250,000, which shall be allocated to the County Golf Course Capital Improvement Fund. Prior to the commencement of year three of the recommended Lease Agreement, Strato Partners shall deposit with the Department an additional \$250,000, which shall be allocated to the County Golf Course Capital Improvement fund.

OPERATING BUDGET IMPACT

Based on the terms of the recommended Lease Agreement, it is estimated that the Department's Operating Budget will realize estimated rent revenues of \$89,000 for FY 2012-13 (7 Months) and \$27,065,000 over the recommended twenty-year term. This revenue will be collected on a monthly basis, based on the twenty-year rental fee schedule attached. Based on these projections, the Department will adjust its operating revenue estimates for FYs 2012-13 and 2013-14 accordingly. The Department does not expect any operating cost increase resulting from the recommended Lease Agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Section 2.26.120 of the Los Angeles County Code, the Department shall enter into a short term lease agreement with Strato Partners to allow for the management and operation of the County Golf Course effective October 1, 2012 through November 30, 2012, in order to avoid the County Golf Course closure, missed opportunities for revenues, deterioration of the facility, and, in order to maintain continued and uninterrupted service to the public. Additionally, execution of a short term lease agreement with Strato Partners will enable it to successfully mobilize its start-up operations.

The Board is authorized by the provision of Government Code Section 25907 to lease County park and recreation real property for the provision of services and property improvements that are consistent with public park and recreation purposes. The proposed Lease Agreement is consistent with said purposes.

The term of this Lease Agreement with Strato Partners, is for 20 years and includes a provision whereby the Director may extend the Lease for one additional five-year term, provided Strato Partners is compliant with the terms and conditions of the Lease Agreement.

This Lease Agreement contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Responsibility and Debarment, Los Angeles County Code

Chapter 2.202; the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; the Defaulted Property Tax Reduction Program, Los Angeles County Code 2.206; compliance with the County's smoking ban ordinance, Los Angeles County Code Title 17, Sections 17.04.185 through 17.04.650; compliance with the County's policy on restricting its purchase and use of Expanded Polystyrene containers; participation in the County's Artificial Trans Fat Reduction Program; and the standard Board-directed clauses that provide for contract termination or renegotiation.

County Counsel has approved this Lease Agreement as to form.

ENVIRONMENTAL DOCUMENTATION

The proposed cancellation of the current Lease Agreement is not subject to the California Environmental Quality Act (CEQA) as the action does not meet the definition of a project according to Section 15378 (b)(5) of the State CEQA Guidelines, because the action is an administrative activity which will not involve any commitments to any specific projects which may result in a potentially significant physical impact on the environment.

The proposed approval of the Los Amigos Golf Course Lease Agreement with Strato Partners LLC is categorically exempt from CEQA according to Section 15301 of the State CEQA Guidelines and Class 1 (r) of the County's Environmental Documentation Reporting Procedures and Guidelines, Appendix G, because the agreement involves leasing of an existing facility with negligible or no expansion of existing use.

CONTRACTING PROCESS

On January 23, 2012, the Department issued a Request For Proposal (RFP) for the maintenance and operation of the said County Golf Course by posting the RFP on the County's "Doing Business with Us" website. The website included a link to download the solicitation package and bilingual instructions on how to contact the Department regarding this solicitation.

On February 8, 2012, a mandatory Proposers Conference was held and 17 potential proposers attended. A facility walk-through of the facility followed the conference.

On February 29, 2012 proposals for the RFP were due; however, the Department received no proposals for the issued RFP.

On March 5th and 6th 2012, the Department conducted debriefings with prospective proposers in order to evaluate the non-responsiveness to the RFP. After careful and thorough evaluation of comments from the prospective proposers, the Department revised the RFP, and on March 28, 2012, reposted the RFP on the County's "Doing Business with Us" website.

On May 1, 2012, the Department received five proposals. The proposals were reviewed by the Department's staff to ensure compliance with mandatory minimum requirements outlined in the RFP. Two proposals were deemed to be non-responsive. Three proposals having met the minimum requirements were forwarded to the Evaluation Committee for review. The Evaluation Committee consisted of two representatives from the golfing industry and two Department employees.

Using the Informed Averaging Scoring methodology, the evaluation committee evaluated each proposal based on the criteria identified in the RFP, which included: proposer's experience and qualifications; proposed revenue to the County; proposer's maintenance and operational plan; proposer's pro forma; and acceptance/exceptions to terms and conditions of the sample agreement. Based on these criteria, Strato Partners was the highest ranked proposer. Two proposers requested and received a debriefing of their scores.

It should be noted that upon final analysis and award, Strato Partners was selected without regard to gender, race, creed, or color. Proposer's minority participation is reflected as an attachment (Attachment II).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current public services.

CONCLUSION

It is requested that an adopted copy of the action taken by the Board, and a fully executed copy of the attached Lease Agreement be mailed to: Strato Partners, LLC attention: Stuart Hayden, 1801 Avenue of the Stars, Suite 150, Los Angeles, California 90067. In addition, it is requested that one adopted copy be sent to the Treasurer and Tax Collector, one adopted copy be sent to the Assessor, and three adopted copies be forwarded to the Department of Parks and Recreation.

Respectfully submitted,



RUSS GUINEY

Director

RG:RM:KEH

JB:MG:rc

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

**LOS AMIGOS COUNTY GOLF COURSE
RENTAL FEE SCHEDULE**

LEASE AGREEMENT TERM: 20 YEARS		
Fiscal Year	20 Year Rental Schedule	Incoming Rent
2012 - 2013	7 months	\$89,000
2013 - 2032	233 months	\$26,973,150
TOTAL		\$27,062,150



County of Los Angeles - Community Business Enterprise (CBE) Program

Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information Form

INSTRUCTIONS: All Proposers/Bidders responding to this solicitation must complete and return this form for proper consideration of the proposal/bid.

LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM:

FIRM NAME: STRATO PARTNERS, LLC

- I AM NOT A Local SBE certified by the County of Los Angeles Office of Affirmative Action Compliance as of the date of this proposal/bid submission.
- I AM
- As an eligible Local SBE, I request this proposal/bid be considered for the Local SBE Preference.
- My County (WebVen) Vendor Number: _____

II. FIRM/ORGANIZATION INFORMATION: The information requested below is for statistical purposes only. On final analysis and consideration of award, contractor/vendor will be selected without regard to gender, race, creed or color.

Business Structure: Sole Proprietorship Partnership Corporation Non-Profit Franchise
 Other (Please Specify) LIMITED LIABILITY COMPANY

Total Number of Employees (including owners):

Race/Ethnic Composition	Owners/Partners/Associate Partners		Managers		Staff	
	Male	Female	Male	Female	Male	Female
Black / African American					1	
Hispanic / Latino			1		29	9
Asian or Pacific Islander					1	
American Indian/ Alaskan Native						
Filipino American						
White	1	1	5	2	29	14

III. PERCENTAGE OF OWNERSHIP IN FIRM: Please indicate by percentage (%) how ownership of the firm is distributed.

	Black / African American	Hispanic/ Latino	Asian or Pacific Islander	American Indian/ Alaskan Native	Filipino American	White
Men	%	%	%	%	%	50 %
Women	%	%	%	%	%	50 %

IV. CERTIFICATION AS MINORITY, WOMEN, DISADVANTAGED, AND DISABLED VETERAN BUSINESS ENTERPRISES: If your firm is currently certified as a minority, women, disadvantaged or disabled veteran business enterprise by a public agency, complete the following and attach a copy of your proof of certification. (Use back of form if necessary.)

Agency Name	Minority	Women	Dis-advantaged	Disabled Veteran	Expiration Date
N/A					

V. DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.

Authorized Signature: 	Title: CHIEF EXECUTIVE OFFICER	Date: 4-28-12
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